

**Statement of Duncan Fields, Technical Advisor to the Gulf of Alaska Coastal Communities Coalition (GOAC3), before the Subcommittee on Fisheries and Oceans, Committee on Resources, U.S. House of Representatives  
Oversight Hearing: Kodiak, Alaska**

July 8, 2005

Mr. Chairman and Members of the Subcommittee.

Thank you for your invitation to the Gulf of Alaska Coastal Communities Coalition to present views on reauthorization of the Magnuson-Stevens Act (MSA).

My name is Duncan Fields and I am speaking today as a Technical Advisor to the Gulf of Alaska Coastal Communities Coalition (GOAC3), an organization formally established in 1999 to help ensure that GOA Coastal Communities have fishing opportunities that are essential to their viability today and long-term survival into the future.

Thank you for holding this field hearing regarding fisheries management successes in Alaska and the reauthorization of MAS, an Act that affects the economies of the over 45 small coastal fishing communities within the Gulf of Alaska most of whom have representation within this coalition.

The GOAC3 is dedicated to securing fishing opportunities within the traditionally fisheries-dependent communities of the Gulf of Alaska sufficiently adequate to help sustain them as viable coastal communities. This organization has sought to assist the member communities with a combination of private and federal funding to help fisheries dependent communities work with regulatory agencies to develop substantive ways to retain, and regain lost fishing effort and opportunity which will help these communities survive.

By way of background, I am a long-time commercial fisherman in the Gulf of Alaska. I have fished for salmon for 45 years at our family's fish camp, about 80 miles from Kodiak between the fishing communities of Larsen Bay and Karluk. Over that time I have witnessed many changes. The most striking change is the decline of commercial fishermen living in these and other rural fishing communities of the Gulf of Alaska and the subsequent loss of their fisheries-based economies. A number of the Gulf coastal communities are clearly struggling to stay alive and not seeing an improvement in their struggle. While the GOAC3 certainly recognizes that there are many factors other than access to the fisheries involved in the increasingly hard times in these coastal communities, reduced access to fishing is the salient factor in their diminished capacity to remain viable.

What has happened around the entire Gulf, from Sand Point to Chenega Bay and Yakutat to Craig is similar to what has occurred here on Kodiak Island. Family fishing, the number of jobs supported through crew and infrastructure, a way of life that was healthy and sustainable, is disappearing in

favor of consolidation of boats, fishing effort and ownership that frequently does not favor fishing communities of the Gulf of Alaska.

To help inform you about the impacts of the shift in fisheries on coastal communities and the importance of the inter-reliance of multi-species fishing, we would like to offer the following background.

### **First Major Commercial Fishing in Alaska**

Many of the Communities refer to the “historic period” of their reliance on fishing in *centuries, not decades or less*. Their ancestors were there long before commercial fishing came into its own. The salmon industry was the first major commercial fishing in Alaska and in the late 1800’s got its start in Klawock, Old Sitka and Karluk. At one time there were six processing plants operating on the Karluk spit from the resources of a single river. The processing plant in Larsen Bay was built in 1912 and still operates today. For decades, Karluk and Larsen Bay remained vibrant fishing towns by moving focus from one species to another depending on supply and markets. Salmon was a constant but when salmon runs were down, rural fishermen would switch to codfish or halibut or herring and, after World War II, crab.

### **Alaska Statehood – 1959**

When Alaska became a state in 1959, it took control of its fisheries. The new state immediately banned the hated cannery-owned fish traps, along with other initiatives that helped to create greater economic benefit to area harvesters.

### **1973 Salmon Limited Entry Program**

The first rationalization program, instituted by the State of Alaska in 1973 for salmon, issued salmon permits with an intent to protect the small boat fleet as much as possible. Although the number of permits issued to Alaska coastal community fishermen was often less than the number of residents that had previously participated in the fisheries, these permits maintained the small boat fisheries based infrastructure. Most vessels from smaller communities were less than 58 feet and many less than 32 feet.

The shrimp fishery in the early 70's brought larger (trawl) vessels to Kodiak and the Gulf of Alaska. Most rural residents were not interested in trawling because of the large by-catch of crab and the adverse impact on the habitat of their fishing grounds. Consequently, few moved up to the larger vessels that became the mainstay of the emerging groundfish fisheries.

### **Implementation of MSA**

The 1976 implementation of the Magnuson Fisheries Conservation and Management Act

coincided with the increase of pollock and codfish in the Gulf of Alaska. The opportunities to have American catcher boats joint venture with foreign processors went entirely to larger vessels, not the small boat fishermen from rural communities. Capital that accumulated from the joint ventures enabled participants to enlarge their vessels, expand their fisheries and, eventually, obtain all of the quota for American fishermen.

Although this was a good thing for Alaska and for American fishermen, small boat fishermen from Alaska coastal communities were almost entirely excluded from the economic benefits of this capitalization and simply have not been able to catch up. They were not equipped by experience or history to compete in this capital intensive arena. To offset these types of systemic impediments to access to fisheries by coastal communities with respect to the Bering Sea fisheries, the Community Development Quota (CDQ) program was created for communities of that region with the 1991 reauthorization of the MSA, but no similar program was created at that time for small, rural communities of the Gulf of Alaska.

Throughout the 1980's, small boat fishermen in the Gulf of Alaska survived on salmon and herring with some winter crab fishing. However, salmon prices and then herring markets began to decline in the 1990s. At the same time, the North Pacific Fisheries Management Council was in the process of rationalizing halibut and sablefish. Groundfish were being caught by a large trawl fleet in shorter and shorter seasons. Just when rural small boat fishermen would have switched to catching other marine resources, they were excluded from the fisheries.

### **Combination Fishing**

Combination fishing had been kept fishing families alive as market values and allowable catch fluctuated. With increased rationalization, the ability to adjust has been dramatically reduced. The inability of our community fisherman to sustain their “combination fishing” livelihoods is a direct result of fisheries regulatory changes.

Fishermen understand that there will be a fluctuation in stocks based on the annual stock assessments or in-season management. Fishermen understand that markets will also rise and fall. What is difficult for fishermen, especially in small remote communities, is the increasing restrictions on who is allowed to fish and that a resource once readily available to them is now suddenly reduced to an expensive – and unaffordable – commodity. Small coastal community fishermen simply do not have the capital or access to capital to leverage the cost of buying into new rationalization systems.

### **Number of Small Boat Fishermen in Precipitous Decline**

The halibut and sablefish quota program created immense wealth for many initial recipients but in the past ten years, lacking any or sufficient initial issuance of halibut quota, and unable to sustain themselves on remaining fisheries, most small boat fishermen have been forced out of business.

For example, in the Kodiak Management Area alone, active salmon purse seine fishermen have dropped from about 300 to less than 120 in the past ten years. This scenario has repeated itself around the Gulf over and over again. The community of Old Harbor went from 61 permits fished in 1995 to 17 fished in 2004. In that same time period, the community of Sand Point went from 226 permits fished to 148, the community of King Cove went from 142 to 68, the combined Chigniks from 67 to 43, Seldovia from 67 to 38, Port Graham from 10 to 3, Ouzinkie from 35 to 13, Perryville from 142 to 65. In Southeast Alaska, Yakutat went from 194 permits fished in 1995 to 162 in 2004, Kake from 83 to 33, Hoonah from 148 to 70, Craig from 300 to 204, Klawock from 54 to 35, Hyderburg from 64 to 30, Pelican from 98 to 39, Angoon from 77 to 7. The list goes on and on.

While some of this shift was absorbed by increased fishing effort through consolidation, the majority of the fishing effort has migrated out of these communities. These numbers mean a huge loss to these communities in terms of dollars and infrastructure. In a ten-year period many of these communities have had their fishing effort reduced by as much as 90%.

As IFQs came on the scene, many in the small communities no longer had access to halibut and sablefish which were needed to diversify the income producing capability in the communities. Adding to this situation was the previous collapse of the crab fishery...both Tanner Crab and King Crab- in the Gulf. This “deadly combination” of events was like the “Perfect Storm” for many villages and communities . . . it took away their ability to diversify.

### **Amendment #66 to the Halibut and Sablefish Fishery Management Plan**

At the encouragement of the GOAC3, the NPFMC researched and recognized the negative impacts of the halibut and sablefish rationalization program on smaller Gulf coastal communities and, in April 2002, passed Amendment #66 to the Halibut and Sablefish Fishery Management Plan creating the Community Quota Entity (CQE) program to allow smaller Gulf of Alaska coastal communities to purchase halibut and sablefish. Again, timing was not good. Quota shares that had sold for \$10.00 per pound in 2002 when the CQE program was introduced at the Council sell for more than \$20.00 per pound in 2005. Despite a subsequent State of Alaska statutory change that allows community quota groups to be eligible for low-interest State loans, unless a fisherman has a base of quota from initial issuance or from available capital when the price was much lower, prospective fisherman simply cannot afford to enter the fisheries, economically justify or pay debt service on quota that is this expensive. The CQE program is a good program but, it needs funding if it is to actually assist communities.

The way to provide community fishing flexibility is through a combination of both purchase ability and initial issuance of quota share, or the equivalent.

Amendment 66 for (CQE program) was designed to help provide the opportunity to get halibut and sablefish back into the communities. *This is a purchase only program and requires funding.* A community fishing quota combined with a purchase capability program, however, will provide the

appropriate combination to help communities leverage their assets to keep fishing effort in their communities. With some basic infrastructure improvements, and access to fisheries, young people may once again be able to look forward to living in the small communities and making at least part of their livelihoods from commercial fishing.

### **Conference on Managing Fisheries/Empowering Communities**

In April of 2005, the North Pacific Council co-hosted with the National Marine Fisheries Service Restricted Access Management Division and the Alaska Department of Fish and Game a conference entitled “Managing Fisheries / Empowering Communities.” The questions raised and the subsequent discussions at this conference only reinforce the sense of frustration and urgency that our coastal communities are feeling. The recommendations of that group include - -

- (a) Communities need to be able to hold and own fishing permits for fisheries in their respective areas;
- (b) Residents do not want to be forever precluded from fishing resources near them simply because they did not happen to fish for that species during a short set of “qualifying years”;
- (c) Communities need reliable fishing employment to allow young people to remain. Currently, communities are “training kids out of the fishery” due to lack of opportunity;
- (d) Participation in (community fishing quota) allows a community to leverage its existing level of fisheries utilization;
- (e) Instead of creating IFQs, make geographical CFQs that would tie residents to the resource;
- (f) Make sure that a provision exists in all quota or other limitation systems to provide an opportunity for an entry level component;
- (g) Strengthen National Standard #8.

We strongly concur with these conclusions.

### **Recommendations**

To help address major impediments to the programs for fisheries and dependent small coastal communities, the GOAC3 recommends to the Subcommittee the following:

- (1) That community protections provisions in the MSA be *strengthened*. National Standard 8 sets a broad national policy of community protections, but this is generally *not* sufficient to encourage the regional management Councils to apply significant community protections as part of a rationalization program. This means a community quota share program at a sufficient level, as recommended both by the February 2004 GAO (General Accounting Office—now Government Accountability Office) report to Congress on Individual Fishing

Quotas: Methods for Community Protections and New Entry Require Periodic Evaluation”,<sup>1</sup> and the 1998 National Research Council report “Sharing the Fish.”<sup>2</sup>

- (2) Give the regional management councils sufficient options for them to make management decisions that are meaningful and beneficial to their respective communities;
- (3) Create national standards for any Dedicated Access Privilege (DAP) program which include requirements for community protections;
- (4) Congress should provide for a Community Fishing Quota program for Gulf of Alaska communities. The essence of community protection is long-term access to and control of the resource. Without dedicated quota shares in the rationalized fisheries, the communities and their economies are in serious jeopardy. (The GOAC3 will submit a proposal in the near future to deal with the acute and chronic impediments to community fisheries access that we have described);
- (5) Institute methods for biannual reviews of rationalization programs on impacted coastal communities;
- (6) Provide funding for community quota share purchase programs, such as Amendment 66;
- (7) Strengthen the assessment of “cumulative social impacts” as discussed in the National Marine Fisheries Service Social Impact Assessment (SIA) Guidelines so that these impacts are actually factored into the decision-making process.

The Gulf of Alaska Coastal Communities Coalition is supportive of the existing fisheries management system in general. However, the GOAC3 strongly urges increased community protections and increased opportunities for stakeholder participation, through dedicated community seats on the Councils, increased community participation within subcommittees, or other means.

On a related issue, the GOAC3 is on record opposing the permitting of finfish aquaculture within

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1 “Several methods are available for protecting the economic viability of fishing communities and facilitating new entry into IFQ fisheries. The easiest and most direct way to help protect communities under an IFQ program is to allow the communities themselves to hold quota ..... fishery managers can give each community control over how to use the quota in ways that protect the community’s economic viability, such as selling or leasing quota to fishermen who reside in the community.” GAO Report # 04-277, February 2004, pages 2 and 12.

2 “Sharing the Fish: Toward a National Policy on Individual Fishing Quotas”, National Research Council, December 1998, recommendations to Congress and/or regional management councils regarding guidelines for IFQ programs, include (a) allow the public to capture some of the windfall gain sometimes generated from the initial allocation of quotas in new IFQ programs, (b) Councils should avoid some of the allocation controversies encountered in the past by giving more consideration to who should receive initial allocation, including crew members, skippers, communities and other stakeholders, (c) councils should avoid taking for granted the “gifting” of quota shares to the present participants in a fishery, just as they should avoid taking for granted that vessel owners should be the only recipients of quota and historical participation should be the only measure for determining initial allocations, (d) when designing IFQ programs, councils should be allowed to allocate quota shares to communities or other groups, as distinct from vessel owners or fishermen.” P.9

the EEZ. The Coalition does this based on research that strongly indicates that wherever there are near-shore or off-shore aquaculture programs, the local communities ultimately pay a heavy price rather than see a benefit. The dangers of aquaculture to viable wild finfish stocks are well known. This Coalition is not opposed, however, to shellfish aquaculture within State waters. It currently seems the benefit ratio, as long as it is not impacting wild stocks, is relatively good for shellfish.

### **Conclusion**

Thank you again for the opportunity to testify today on behalf of the fishermen, residents, and organizations that comprise the Gulf of Alaska Coastal Communities Coalition in trying to keep small Gulf of Alaska fishing communities alive. If current trends continue, it seems improbable that most of the small coastal communities of the Gulf of Alaska will have any commercial fishing in a few years. Unless real steps are taken soon, this period will be known as the death knell for many of these communities. Fishing is what has sustained them for countless centuries, their fishing families and their social, cultural and economic fabric. Fishing is what has kept these communities economically viable. They are seeking a hand up, not a hand out.

This is not hyperbole . . . this is reality. These communities are at a historical crossroads . . . the Congress therefore is at such a crossroads. If the Congress does not provide strong guidance and assistance to fisheries-dependent communities through the MSA reauthorization, it will see further out-migration of fisheries opportunities and capital to residents and businesses of states other than Alaska.

Importantly, if this occurs, Congress will have missed a unique opportunity to help ensure that rural communities in the Gulf of Alaska will not become relegated to the dustbin of history, and will be able to participate in Alaska's, as well as the Nation's, economy into the future. If a substantial portion of these communities do not survive because modest, common sense and equitable steps are not taken today, when all are on notice of the precariousness of the situation, then decision makers will have allowed this to happen. If that should occur, something absolutely unique and irreplaceable will have been squandered. Mr. Chairman and Members of the Subcommittee, we implore you not to allow this to happen.

Thank you for your courtesy and consideration in affording the GOAC3 with this opportunity to present these views today. We are eager to work with you, members of the Alaska Delegation and other affected parties to craft legislative language that is fair and effective in addressing the issues we have raised with you today.